

Department of Education
Support Education Excellence in Kentucky (SEEK)

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,594,892,700	2,824,044,300	3,060,971,900	2,680,435,400	2,815,817,700
Total General Fund	2,594,892,700	2,824,044,300	3,060,971,900	2,680,435,400	2,815,817,700
TOTAL SOURCE OF FUNDS	2,594,892,700	2,824,044,300	3,060,971,900	2,680,435,400	2,815,817,700
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	2,594,892,700	2,824,044,300	3,060,971,900	2,680,435,400	2,815,817,700
TOTAL EXPENDITURES	2,594,892,700	2,824,044,300	3,060,971,900	2,680,435,400	2,815,817,700
EXPENDITURES BY FUND SOURCE					
General Fund	2,594,892,700	2,824,044,300	3,060,971,900	2,680,435,400	2,815,817,700
TOTAL EXPENDITURES	2,594,892,700	2,824,044,300	3,060,971,900	2,680,435,400	2,815,817,700
EXPENDITURES BY UNIT					
Base Funding	1,825,126,600	2,005,460,600	2,211,310,600	1,876,354,400	1,983,909,200
Pupil Transportation	211,953,500	239,953,500	249,953,500	211,953,500	211,953,500
Equalized Facilities	78,475,900	78,475,900	78,475,900	86,846,900	81,632,800
Tier I Equalization	145,649,300	145,649,300	145,649,300	157,502,200	156,029,800
Enhanced Professional Compensation					17,682,700
National Board Certification Salary Supplement	1,858,000	1,858,000	1,858,000	1,858,000	1,858,000
School Facilities Matching Grant	225,000	225,000	225,000		
State-Run Vocational Schools Reimbursement	21,952,600	23,934,200	25,234,800	23,053,800	23,561,000
Vocational Education Transportation	2,416,900	2,416,900	2,416,900	2,416,900	2,416,900
Local District Teachers' Retirement Match	307,234,900	326,070,900	345,847,900	320,449,700	336,773,800
TOTAL EXPENDITURES	2,594,892,700	2,824,044,300	3,060,971,900	2,680,435,400	2,815,817,700

The 1990 General Assembly, responding to the Kentucky Supreme Court's 1989 mandate to equalize funding for schoolchildren regardless of economic circumstances or place of birth, created a mechanism for distributing state support to local school districts. The Support Education Excellence in Kentucky (SEEK) program replaced the Minimum Foundation Program as well as the Power Equalization program.

DEPARTMENT OF EDUCATION
Support Education Excellence in Kentucky

The 1990 General Assembly, responding to the Kentucky Supreme Court's 1989 mandate to equalize funding for public school pupils regardless of economic circumstances or place of birth, created a new mechanism for distributing state support to local school districts. The Support Education Excellence in Kentucky (SEEK) program replaced the Minimum Foundation and Power Equalization programs.

Under the SEEK funding formula, the state sets a fixed base guarantee amount per student in average daily attendance. The guarantee amount to the right, as well as all other numbers in this example, are budgeted fiscal year 2006 figures.

BASE PER PUPIL GUARANTEE

\$3,445	X	579,643 Pupils In Average Daily Attendance	=	\$1,996.9 Million
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The amount of revenue per pupil guaranteed by SEEK is then adjusted upward for each local school district to reflect a set of factors that affect the cost of providing services to pupils.

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AT-RISK ADJUSTMENT

\$3,445 X 15% = \$517	X	283,333 Pupils	=	\$146.4 Million
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EXCEPTIONAL CHILDREN ADJUSTMENT

The per pupil guarantee is also increased for exceptional children by a series of weights designed to reflect the additional costs of providing services to such pupils. The costs associated with educating exceptional children are based on a count of pupils with different disabilities, a state-determined exceptional pupil-teacher ratio for each disability or service, and a resulting per pupil cost.

SEVERE (\$3,445 X 2.35 Weight = \$8,096 Adjustment)	MODERATE (\$3,445 X 1.17 Weight = \$4,031 Adjustment)	MILD (\$3,445 X 0.24 Weight = \$827 Adjustment)
X	X	X
15,404 Pupils	55,596 Pupils	22,928 Pupils
+		
=		
\$367.8 Million		

An adjustment is made for the cost of educating pupils taught at home or in a hospital during the period of their illness or convalescence. Such pupils generate additional funds amounting to the base per pupil guarantee minus one hundred dollars (normally dedicated to capital outlay).

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HOME AND HOSPITAL ADJUSTMENT

$\$3,445 - \$100 = \$3,345$	x	1,750 Pupils	=	\$5.9 Million
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LIMITED ENGLISH PROFICIENCY ADJUSTMENT

The 2005 Regular Session of the General Assembly, via HB 267 (Executive Branch Appropriations Act), established a new weight based on limited English proficiency (LEP). Based on the higher costs associated with educating LEP students, the new weight was established at 7.5% of the base per pupil guarantee. The LEP weight took effect in FY 2006.

$\$3,445 \times 7.5\% = \258	x	10,837 Pupils	=	\$2.8 Million
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The base per pupil guarantee is supplemented by the costs determined under the pupil transportation calculation procedures. Pupil transportation calculated costs are based on the number of pupils transported, the geographic characteristics of a given school district and the distribution of pupils along the most efficient routes. (The FY 2006 transportation budget amount was capped; the actual calculation yielded a higher amount.)

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PUPIL TRANSPORTATION

Number of Students Transported Relative To Geographic Distribution of Students	=	\$212 Million
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The base per pupil guarantee, as adjusted for at-risk, exceptional, home & hospital, and limited English proficient pupils, as well as for transportation costs becomes the total calculated per pupil base SEEK cost.

Base Per Pupil Guarantee + At-Risk Adjustment + Exceptional Children Adjustment + Home/Hospital Adjustment + LEP Adjustment + Transportation	=	TOTAL CALCULATED BASE PER PUPIL SEEK COST	=	\$2,731.6 Million
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Equalization of per pupil revenues among local school districts under the SEEK program begins with a requirement that every local school district levy a minimum equivalent tax rate of 30 cents per hundred dollars of assessed valuation. This tax level may be attained via local property taxes, available alternative taxes (occupational, utility or income) or any combination of such taxes. The yield from this tax effort serves as a deduction against the revenues guaranteed by the state under SEEK. Every district is guaranteed that its minimum tax levy will produce the same dollars per student regardless of the district's property tax base. This results in the state providing a greater proportion of per pupil revenues in those districts with lower property wealth per pupil.

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REQUIRED LOCAL EFFORT

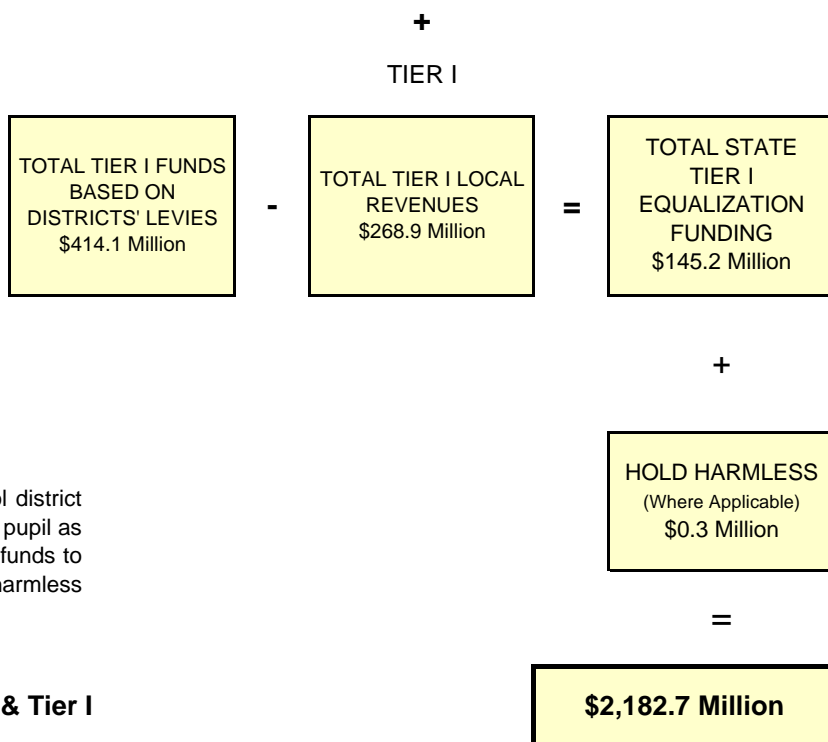
\$231.6 Billion Local School Districts' Assessed Property	x	Required Minimum Tax Levy 30 Cents Per \$100 Assessed Property	=	\$694.8 Million Required Local Effort
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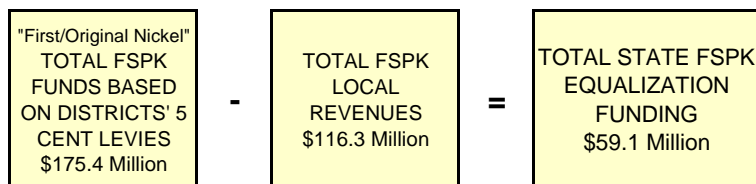
\$2,036.8 Million State Portion of Basic SEEK Cost

All local school districts have the option to impose taxes sufficient to generate revenues up to 15 percent over those generated under base SEEK. Districts with assessed property per pupil less than 150 percent of the statewide average (projected at \$587,000 for the 2004-2006 biennium) receive funds from the state sufficient to garner revenues from these additional taxes equal to those generated if their per pupil property wealth was indeed 150 percent of the statewide average. In other words, the state guarantees an additional local levy will produce the same revenue in property-poor districts as would be produced in richer districts. The local tax levied under this provision is not subject to voter recall.

After completion of the preceding calculations, any school district failing to receive at least as much state SEEK funding per pupil as it received in fiscal year 1992 is provided additional state funds to sustain that funding level, referred to as SEEK's hold-harmless provision.

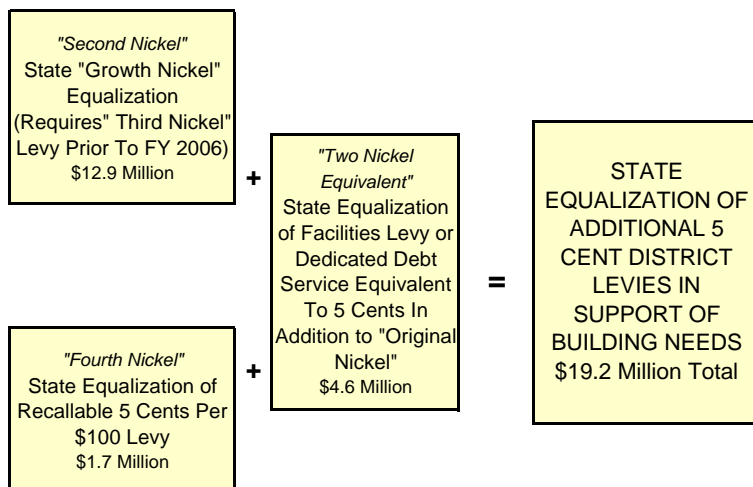


The SEEK program also includes an equalized facilities support component (Facilities Support Program of Kentucky or FSPK) for the purpose of providing a supplemental funding source for each local school district for construction and renovation projects and related debt service outlays. To participate, a district must levy a minimum equivalent tax rate of 5 cents per one hundred dollars of assessed valuation. Revenues generated by this tax must be dedicated to financing capital projects or debt service on construction bonds. Such revenue, like that under the Tier I component, is equalized at 150 percent of the statewide average per pupil property assessment.



EQUALIZED FACILITIES SUPPORT

There are additional avenues for school districts to raise revenues for building and renovation purposes. Districts experiencing substantial student growth may levy an additional 5 cents per one hundred dollars of assessed valuation tax not subject to voter recall. If a district also levies another 5 cent tax - subject to voter recall - prior to fiscal year 2005, the original 5 cent "growth" levy qualifies for state equalization at 150 percent of the statewide average per pupil property assessment. All districts, regardless of growth, may levy - subject to voter recall - an additional 5 cents per one hundred dollars of assessed valuation tax for facilities purposes that is also eligible for state equalization. Finally, school districts committing the equivalent of 5 cents per one hundred dollars of assessed valuation in addition to the 5 cent levy required for participation in the Facilities Support Program of Kentucky are eligible for state equalization of the 5 cent equivalent at 150 percent of the statewide average per pupil property assessment.



Policy

The Governor's budget recommendation includes funding to increase the base SEEK per pupil guarantee amount to \$3,505 in fiscal year 2007 and to \$3,669 in fiscal year 2008. This represents a 1.7% increase in fiscal year 2007 compared to fiscal year 2006 and an additional 4.7% increase in fiscal year 2008 compared to fiscal year 2007.

The Executive Budget provides funding to accommodate actual average daily attendance of 587,132 and total local school district assessed property valuation of \$243.1 billion in fiscal year 2007. In fiscal year 2008, the budget provides funding to accommodate projected average daily attendance of 591,302 and projects total local school district assessed property valuation of \$257.2 billion. Projected numbers represent a consensus reached by the Kentucky Department of Education and the Office of State Budget Director.

The Governor's budget recommendation maintains funding for the pupil transportation program at the fiscal year 2006 level of \$211,953,500 in both fiscal year 2007 and fiscal year 2008.

The Executive Budget includes \$157,502,200 in fiscal year 2007 to provide Tier I funding to eligible local school districts to equalize local revenues raised under this SEEK component at a level of \$637,000 of assessed property valuation per student (150 percent of the projected statewide average per pupil during the 2006-2008 biennium). The budget provides \$156,029,800 in fiscal year 2006 for Tier I.

Also included in the Governor's budget recommendation is "hold harmless" funding - \$326,500 in fiscal year 2007 and \$350,200 in fiscal year 2008 - to provide every school district with at least the same level of SEEK funding per pupil during the 2006-2008 biennium as was provided in fiscal year 1992.

The Executive Budget provides funding for the Facilities Support Program of Kentucky (FSPK) in the amounts of \$67,749,100 in fiscal year 2007 and \$63,970,600 in fiscal year 2008 to provide equalization funding for local district revenues raised by the 5 cent per one hundred dollars of assessed valuation levy required for participation in FSPK. As with Tier I, local revenues will be equalized at a level of \$637,000 of assessed property valuation per student in both fiscal year 2007 and fiscal year 2008.

An additional \$12,177,600 in fiscal year 2007 and \$11,134,200 in fiscal year 2008 is provided to equalize revenues raised by local school districts that have levied an additional 5 cents per one hundred dollars of assessed valuation for building needs associated with enrollment growth. To qualify, a district must have also levied an additional 5 cents ("3rd nickel") per hundred dollars of assessed valuation designated for facilities before or during fiscal year 2005 and must meet "growth district" criteria (at least a three percent increase amounting to a minimum of 150 additional pupils during the previous five year period).

The Governor's proposed budget includes \$2,302,600 in funding in fiscal year 2007 and \$2,076,400 in fiscal year 2008 for state equalization of a fourth five cent levy. This levy is not dependent on student growth but must be dedicated to a school district's facilities needs. Finally, the proposed budget includes \$4,617,600 in fiscal year 2007 and \$4,451,600 in fiscal year 2008 for state equalization in cases where, no later than February 2005, districts have levied at least a ten cent equivalent tax rate (the initial 5 cent rate required by FSPK plus 5 additional cents) or have debt service or other funds committed to facilities which, combined with the initial FSPK required 5 cent rate, are equivalent to the ten cent rate. Districts eligible for "growth district" equalization are not eligible for this equalization.

The Executive Budget includes \$23,053,800 in fiscal year 2007 and \$23,561,000 in fiscal year 2008 to reimburse state-operated vocational facilities for the costs of providing course offerings to students from local school districts. \$750,000 of the preceding amounts in both fiscal year 2007 and fiscal year 2008 is for operating costs associated with new area technology centers in Butler, Pulaski and Warren counties. Funding for vocational education transportation is maintained at the fiscal year 2006 level of \$2,416,900.

The Governor's budget recommendation includes funding - \$320,449,700 in fiscal year 2007 and \$336,773,800 in fiscal year 2008 - for the Teachers' Retirement employer match on behalf of local school districts.

The Executive Budget continues funding - \$1,858,000 in both fiscal year 2007 and fiscal year 2008 - for salary supplements of \$2,000 annually for teachers achieving and maintaining certification by the National Board for Professional Teaching Standards.

The Governor's budget recommendation includes funding for the purpose of a two percent pay increase for all local school district employees in fiscal year 2007 and an additional two percent increase for all local school district employees in fiscal year 2008. The recommendation also includes funding for the cost of an additional professional development day targeted to classroom teachers in fiscal year 2007 and an additional two instructional days in fiscal year 2008. Funding of \$20,000,000 is included in fiscal year 2008 for a Enhanced Professional Compensation initiative. These funds will be distributed on a per pupil basis to school districts which have submitted a plan 1) developed with technical assistance by a postsecondary education institution, 2) that will address needs identified in a scholastic audit, 3) is approved by the Commissioner of Education.